



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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**Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

July 09, 2013

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

2-H July 9, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**ADOPT RESOLUTION DECLARING INTENT TO ISSUE TAX-EXEMPT MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN THE CITY OF SANTA
MONICA
(DISTRICT 3) (3 VOTE)**

SUBJECT

This letter requests that your Board adopt a Resolution declaring the intent to issue tax-exempt multifamily housing mortgage revenue bonds to finance the site acquisition and rehabilitation of the Santa Monica Rental Housing Construction Program (RHCP) development, a 41-unit multifamily rental housing development located in the City of Santa Monica. This letter relates to another item on the agenda of the Board of Supervisors to approve issuance of the bonds.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt and instruct the Chairman to sign a Resolution, as required under Treasury Regulations, declaring the intent of the Housing Authority of the County of Los Angeles (Housing Authority) to undertake bond financing for Santa Monica – Villa Nueva L.P., a California Limited Partnership (Developer), in an amount not to exceed \$8,000,000 to finance the site acquisition and rehabilitation of Santa Monica RHCP, a 41-unit multifamily rental housing development located in the City of Santa Monica.
2. Authorize the Executive Director or his designee to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not to exceed \$8,000,000 for the purposes described herein.
3. Find that adoption of this resolution is not subject to the provisions of the California Environmental

Quality Act (CEQA) because the action will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to declare the intent of the Housing Authority to issue tax-exempt multifamily housing mortgage revenue bonds in an aggregate amount not to exceed \$8,000,000, and to authorize the Executive Director to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance the site acquisition and rehabilitation of Santa Monica RHCP (Project).

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The bonds will be repaid solely through rent revenues collected by the Developer. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Project is located at scattered sites at 1855 9th Street, 1450 14th Street, and 2006 20th Street in the City of Santa Monica, and is comprised of 29 two-bedroom units and 12 three-bedroom units. Eight of the units will be reserved for households with incomes that do not exceed 50% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Thirty-two of the units will be reserved for households with incomes that do not exceed 60% of AMI. The affordability requirements will remain in effect for 55 years except for the manager's unit which has no affordability requirements.

On June 11, 2013, the City Council of the City of Santa Monica adopted a resolution consenting to the Housing Authority's issuance of multifamily housing mortgage revenue bonds to finance the acquisition and rehabilitation of the Project.

Adoption of the Resolution announcing the intent to bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the bonds. The Resolution is also required to complete the Housing Authority's application to CDLAC.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel. On June 26, 2013 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

This action, adoption of a Resolution declaring the intent to issue tax-exempt multifamily housing mortgage revenue bonds, is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Honorable Board of Supervisors

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The proposed action is a necessary step to provide bond financing for the Project, which will increase the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:jwr

Enclosures

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF LOS ANGELES OFFICIAL
DECLARATION OF INTENT TO UNDERTAKE THE FINANCING OF A
MULTIFAMILY HOUSING PROJECT AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the “Authority”) is authorized and empowered by the provisions of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) to issue and sell mortgage revenue bonds as part of a plan of financing for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, Santa Monica-Villa Nueva, L.P. (or an affiliate, assign or designee) (the “Borrower”), has requested that the Authority issue and sell its mortgage revenue bonds pursuant to the Act to provide financing (including reimbursement of Borrower’s expenditures) for the acquisition, construction, development and rehabilitation of a multifamily rental housing development consisting of 41 scattered site units to be located at 1855 9th Street, 1450 14th Street and 2006 20th Street, Santa Monica, California 90404 in Los Angeles County (the “Project”); and

WHEREAS, this Board of Commissioners of the Authority (the “Board”) hereby finds and declares that it is necessary, essential and a public purpose for the Authority to finance multifamily housing projects pursuant to the Act, in order to increase the supply of multifamily housing in Los Angeles County available to persons and families within the income limitations established by the Act; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to adopt this resolution (this “Resolution”) and to authorize the issuance of mortgage revenue bonds by the Authority to finance the Project (the “Bonds”) in a principal amount not to exceed \$8,000,000; and

WHEREAS, the Authority, in the course of assisting the Borrower in the financing of the Project expects that the Borrower has paid or may pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project within 60 days prior to the adoption of this Resolution and may incur additional Reimbursement Expenditures within 60 days prior to the adoption of this Resolution and prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.142-4 and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the "Government Code") governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue multifamily housing mortgage revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of multifamily housing mortgage revenue bonds; and

WHEREAS, the City of Santa Monica has approved the issuance by the Authority of the Bonds for the Project within the City of Santa Monica;

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board hereby determines that it is necessary and desirable to provide a plan of financing for the Project by the issuance and sale of mortgage revenue bonds pursuant to the Act and hereby authorizes the issuance and sale of the Bonds in one or more series from time to time by the Authority in aggregate principal amounts not to exceed \$8,000,000. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, provided that nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any officer, agent or employee of the Authority will grant any approval, consent or permit which may be required in connection with the acquisition and construction of the Project or the issuance of the Bonds.
3. The issuance and sale of the bonds shall be upon such terms and conditions as may be agreed upon by the Authority and the Borrower and the initial purchasers of the Bonds; provided, however, that the Bonds shall not be sold or issued unless specifically authorized by the subsequent resolution of this Board.
4. This Resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.142-4 and Section 1.150-2 of the Treasury Regulations. In that regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the Project.
5. The proper officers of the Authority are hereby authorized to file an application with CDLAC and directed to apply to CDLAC for a private activity bond allocation for application by the Authority to the issuance the Bonds in one or more series from time to time for the Project in an amount not to exceed \$8,000,000, to collect from the Borrower an amount equal to the performance deposit required by CDLAC and to

certify to CDLAC that such amount has been placed on deposit in an account in a financial institution.

6. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, including entering into a Cooperation Agreement with the City of Santa Monica or the Santa Monica Housing Authority, if necessary or desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by this Board in the manner provided by law prior to the sale thereof.

7. This Resolution shall take effect immediately upon its adoption.

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PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 9th day of July, 2013, by the following vote:

AYES: Supervisors Molina, Yaroslavsky, Knabe, Antonovich and Ridley-Thomas

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: *Mark Ridley-Thomas*
Chairman of the Board of Commissioners

ATTEST:

SACHI A. HAMAI,
Executive Officer-Clerk
of the Board of Commissioners



By: *Sachelle Smitherman*
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI,
County Counsel

By: *Behruz Jankhlov*
Deputy